



CITY COUNCIL

Finance Committee

Meeting Report Monday, July 7, 2008

Committee Members Attending: J. Waltman, Chair, M. Baez, S. Fuhs

Others Attending: L. Kelleher, D. Cituk, C. Younger, R. Hottenstein, T. McMahon

Mr. Waltman called the Finance Committee meeting to order at 6:00 pm.

BLUE RIBBON PANEL

Mr. Hottenstein distributed a revised version of the Blue Ribbon Panel Resolution calling for five appointments by City Council, four appointments by the Mayor, and removing the three tasks listed on the Resolution drafted by City Council Staff as follows:

- Provide feedback on the City's Financial Plan along with the proposed amendments
- Provide a report on the operation and function of the City's Finance Department
- Provide a report on the operation and function of the City Auditor's Office

Mr. Waltman and Mr. Hottenstein noted the circulation of a list of proposed Council appointments. Mr. Hottenstein stated the Mayor also developed a similar list.

Ms. Kelleher noted Council President Spencer's position that the Blue Ribbon Panel undertake the actions listed above. She stated the he stressed the importance of Council having some input on the Administration's proposed Four Step Action Plan.

MENU OF BUDGET OPTIONS

Mr. Hottenstein reported that an executive session on proposed layoffs was not necessary as the Administration has reconsidered its position on layoffs. Reductions will be made through attrition and no live bodies will be cut.

Mr. Waltman noted the employees previously targeted still believe they are on the chopping block and requested that the Administration inform the proper parties and employees that cuts will not occur.

Ms. Kelleher stated that through past discussion she learned that the administration was also considering some reorganization of employee groups to improve achieved efficiency. Mr. Hottenstein replied that the administration is looking to implement a revised staff organization in January 2009. The Administration will be discussing shifts at the September Finance Committee meeting.

In response to a question Mr. Hottenstein stated that 1.9 million dollars will be achieved through attrition alone.

Ms. Kelleher stated that a few weeks ago Mr. Spencer issued a memo to Mr. Hottenstein and Mr. Jones inquiring about shifting some Public Works operational areas such as street cleaners and catch basin personnel to the sewer fund to reduce the burden on the general fund.

Mr. Hottenstein stated that three employee have been shifted to the sewer enterprise fund.

OPPORTUNITY OPTIONS

Mr. Waltman asked Mr. Hottenstein to schedule a meeting with RAWA officials Mr. Miller and Mr. Setley to discuss lease payments.

Mr. Waltman stated that currently RAWA transfers approximately 4 million dollars annually to the City's general fund; however this sum only represents 16% of the water assets total value. There was next a discussion on RAWA's ability to increase its contribution through a revised lease payment.

Mr. Spencer noted the need to balance RAWA's need for infrastructure improvements with the City's request for an increased lease payment.

EDUCATIONAL MEETINGS IN COUNCIL DISTRICTS

Mr. Hottenstein distributed a meeting schedule listing as follows:

- 7/30/08 at 7:00 pm at St. Mark's Lutheran Church of Christ at 1051 Windsor Street for Centre Park Outlet Area, Cedar Street Group, and Lifeline Group.
- 8/20/08 at 7:00 pm Mennonite Church 415 South 17th Street for the UNO Group.
- 8/26/08 at 6:30 pm at the Keshet Zion Synagogue Hill Road and Perkiomen Avenue for Penn's Common District 6 Crime Watch, District 2 Crime Watch, District 8 Crime Watch, and WEB.
- 9/9/08 at 7:00 pm at the Convent Orthodox Presbyterian Church at Lackawanna and Snyder Street for the District 11 Crime Watch.
- 9/14/08 at 7:00 pm at Nativity Lutheran Church 1501 North 13th Street for the North East Crime Watch, Northeast Community Watch, and College Heights Community Council.

Mr. Waltman stated the holding these meetings at this point is premature. He suggested that before these meetings are scheduled City Council and the Administration should develop a joint strategy. Mayor McMahon stated that citizen education is a necessity. He also noted the need to communicate properly with the public and other parties such as these state and federal legislators and County Commissioners.

READING SCHOOL DISTRICT

The Finance Committee expressed great surprise with learning of the School District's proposed purchase of the Luden's facility located on 8th & walnut Street and the Farmer's Market on the 800 Block of Penn Street. Mr. Spencer and Mr. Fuhs both agreed that the City cannot afford to lose more taxable properties. Ms. Kelleher reported after consulting County Records that the Luden's Building is valued 4.7 million dollars and is located in a manufacturing commercial zone. Mr. Younger noted that the Reading School District will need to seek a variance from the zoning code as school uses are not permitted in manufacturing commercial zones.

Mr. Waltman inquired if the City can object to the exemption at the hearing before the assessment board. Ms. Kelleher stated that it is rare for the assessment board to deny exemption application. Mr. Younger stated that the City can object however the City will most likely be unsuccessful in that attempt.

Ms. Kelleher questioned why the school board and the superintendent did not bring those issues forward at the monthly meetings with the school board. She noted that the school district was not shy with expressing interest about obtaining the Naval Marine Center. Ms. Kelleher was asked to put this topic on the agenda for the August meeting with the Reading School Board. It was also suggested that the City request information on the School District's future land needs.

RESOLUTION TO HIRE THREE POLICE OFFICERS

Mr. Younger stated that he is still researching the Civil Service issue for Council President Spencer. Chief Heim explained the approach used by Lancaster whereby the Mayor approved hiring without the concurrence of City Council.

Ms. Kelleher reminded all that Reading voters selected the 1972 version of Home Rule Government and Lancaster selected the Optional Home Rule Government and legislation adopted in the late 1950's by the State Legislature.

CLARIFICATION ON RESIDENTIAL RENTAL TAX

Mr. Younger stated that this residential rental tax would apply to both verbal and written lease agreements on an annual basis. Mr. Fuhs asked Mr. Younger to study this issue further. To reduce the transiency the ordinance waved need to apply to the individual transactions. He noted that it is quite normal for individuals with verbal leases to move several times per year. He stated that it is hoped that this tax would work to reduce transiency however, if it is applied to only one transaction per year it will fail to reduce the transiency.

Mr. Younger stated that it would apply to the lease transaction, not to each individual residing in the unit. He noted the difficulty in marrying the housing permit process with the collection of the residential rental tax. He stated that the City may be able to tie the process with the submission of tenant listing. Mr. Younger stated that the City is unable to revoke permits if the landlord fails to remit taxes or fails to terms of the ordinance.

Mr. Spencer stated that the City will be unable to implement this ordinance until the court decides on the lawsuit on the use of the residential rental tax in Millersville.

Respectfully submitted by,

Linda Kelleher
City Clerk

FOLLOW-UP ISSUES

- Blue Ribbon Panel – approve resolution & make appointments

- Budget Option Menu –revenues, expenditures, staffing changes and reorganization (R. Hottenstein)
- Meeting with RAWA – lease payments (R. Hottenstein)
- RSD Land Needs - August 12th mtg w/ School Board (L. Kelleher)
- Strategy to reduce exemptions from property taxes